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**GAMBLING COMMISSION
COMM & LEGAL DIVISION**STATE OF WASHINGTON
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**GAMBLING COMMISSION
COMM & LEGAL DIVISION**By FAX ~~MP~~In the Matter of the Suspension or Revocation of)
the Licenses to Conduct Gambling Activities of:)

No. CR 2010-00460

CR 2010-00789

Parker's Sports Bar & Casino)
Shoreline, Washington,)**SETTLEMENT ORDER**Licensee.)
_____)

I.

This Settlement Order is entered into between the Washington State Gambling Commission and Parker's Sports Bar & Casino. The Gambling Commission is represented by H. Bruce Marvin, Assistant Attorney General, and Arlene Dennistoun, Staff Attorney. The licensee is represented by Geordie Sze, owner.

II.

The Washington State Gambling Commission issued Parker's Sports Bar & Casino (Parker's), organization number 00-13542, the following licenses:

Number 67-00027, Authorizing Class "12" House-Banked Card Room Activity.

Number 05-07549, Authorizing Class "B" Punchboard/Pull-Tab Activity.

Number 53-01099, Authorizing Class "A" Amusement Game Activity.

The licenses expire on September 30, 2010, and were issued subject to the licensee's compliance with state gambling laws and regulations.

III.

For CR 2010-00460, the Director issued a Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding to the licensee on June 28, 2010. On July 9, 2010, Commission staff received the licensee's request for a hearing.

For CR 2010-00789, the Director issued a Notice of Administrative Charges and Opportunity for an Adjudicative Proceeding to the licensee on August 5, 2010. On August 20, 2010, Commission staff received the licensee's request for a hearing.

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IV.

The following is a summary of the facts alleged, and the violations charged in the Notices of Administrative Charges:

Case Number 2010-00460

The licensee failed to:

- a) Stop operating the Player Supported Jackpot (PSJ) once the IRS seized funds from the PSJ account, in violation of WAC 230-15-415(3).
- b) Receive written approval from the agent before making any changes to the PSJ account, in violation of WAC 230-15-440(1).
- c) Reconcile the PSJ bank account balances with the PSJ prize fund accrual record balances, in violation of WAC 230-15-400(7).
- d) Deposit PSJ funds into the PSJ account and then made PSJ payouts from the cage cashier even though no money was deposited into the PSJ account, in violation of WAC 230-15-400(3) and (4).

Parker's actions also violated an April 5, 2009, Settlement Order and grounds, therefore, exist to impose the four-day suspension deferred in the April 2009 Settlement Order.

In addition, for the new violations, under RCW 9.46.075(1) and WAC 230-03-085(1), and (3), grounds exist to suspend Parker's Sports Bar & Casino's licenses.

RCW 9.46.075(1) Denying, suspending, or revoking an application, license or permit

The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein: Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.

WAC 230-03-085 Denying, suspending, or revoking an application, license or permit

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization:

(The following subsections apply.)

- (1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.
- (3) Has demonstrated willful disregard for complying with ordinances, statutes, administrative rules, or court orders, whether at the local, state, or federal level.

WAC 230-15-400 Accounting for player-supported jackpot funds.

Class F or house-banked licensees must:

(The following subsections apply.)

(3) Not make payouts from the PSJ funds until licensees have first deposited the funds in the PSJ account. However, licensees may pay out prizes won during the gambling day and deduct administrative expenses before licensees deposit the funds.

(4) Transfer or deposit the PSJ funds into the PSJ account or with an armored car service no later than the second banking day after the close of business.

(7) Reconcile the account balance in their bank statement to the PSJ prize balance on their PSJ fund accrual record each month. "Reconcile" means the licensee must compare the two balances, resolve any differences, and document the comparison and the differences in writing. Licensees must keep the reconciliation as part of their records.

WAC 230-15-415(3) Removing a player-supported jackpot from play.

If taxing authorities seize a PSJ account, the licensee must immediately stop offering the PSJ and collecting additional funds for the PSJ until all funds have been replaced in the PSJ account.

WAC 230-15-440(1) Modifying internal controls and changing card games offered.

House-banked card game licensees must submit proposed changes to their internal controls in writing to us and receive our written approval before making any changes.

Case Report 2010-00789

The licensee failed to timely disclose the material fact of a new substantial interest holder, and failed to submit its financial statement for 2009.

RCW 9.46.075 Denying, suspending, or revoking an application, license or permit

The Commission may deny an application, or suspend or revoke any license or permit issued by it, for any reason or reasons, it deems to be in the public interest. These reasons shall include, but not be limited to, cases wherein the applicant or licensee, or any person with any interest therein:

(The following subsections apply.)

(1) Has violated, failed or refused to comply with the provisions, requirements, conditions, limitations or duties imposed by chapter 9.46 RCW and any amendments thereto, or any rules adopted by the Commission pursuant thereto, or when a violation of any provision of chapter 9.46 RCW, or any Commission rule, has occurred upon any premises occupied or operated by any such person or over which he or she has substantial control.

(7) Makes a misrepresentation of, or fails to disclose, a material fact to the Commission.

WAC 230-03-085 Denying, suspending, or revoking an application, license or permit

We may deny, suspend, or revoke any application, license or permit, when the applicant, licensee, or anyone holding a substantial interest in the applicant's or licensee's business or organization: (The following subsections apply.)

(1) Commits any act that constitutes grounds for denying, suspending, or revoking licenses or permits under RCW 9.46.075.

(7) Fails to provide us with any information required under Commission rules within the time required.

WAC 230-06-080 Report changes to application information and submit updated documents and information

(1) Licensees must notify us in writing if any information filed with the application changes in any way within thirty days of the change.

(2) Licensees must submit to us any new or updated documents and information, including the following: (b) All oral or written contracts and agreements which relate to gambling activities or alter the organizational structure of the licensee's organization or business activities in Washington.

WAC 230-06-106 Limited transfers of ownership allowed.

Gambling licenses must not be transferred to another person or entity until the licensee requesting the transfer has received written approval from us.

WAC 230-06-107 Ownership changes — Allowed.

A licensee must report any change in ownership when the change would result in any person or organization becoming a substantial interest holder.

The terms and conditions of the employment agreement between the licensee and Tim Iszley altered Mr. Iszley's status from that of a buyer, to a substantial interest holder of the licensee, Parker's Sports Bar and Casino. The employment agreement contained evidence that Mr. Iszley holds a substantial interest in Parker's. The licensee did not disclose the employment agreement, dated January 20, 2010, until April 15, 2010, violating WAC 230-06-080.

The licensee failed to obtain approval to transfer its licenses, violating WAC 230-06-106. The licensee also failed to disclose the material fact of Mr. Iszley's substantial interest in Parker's, violating WAC 230-06-107.

A substantial interest holder is defined in WAC 230-03-045(1) as "a person who has actual or potential influence over the management or operation of any organization, association, or other business entity." WAC 230-03-045(2) provides that evidence of substantial interest may include, but is not limited to:

- (a) Directly or indirectly owning, operating, managing, or controlling an entity or any part of an entity; or
- (b) Directly or indirectly profiting from an entity or assuming liability for debts or expenditures of the entity; or
- (c) Being an officer or director or managing member of an entity; or
- (d) Owning ten percent or more of any class of stock in a privately or closely held corporation; or
- (e) Owning five percent or more of any class of stock in a publicly traded corporation; or
- (f) Owning ten percent or more of the membership shares/units in a privately or closely held limited liability company; or
- (g) Owning five percent or more of the membership shares/units in a publicly traded limited liability company; or
- (h) Providing ten percent or more of cash, goods, or services for the start up of operations or the continuing operation of the business during any calendar year or fiscal year. To calculate ten

percent of cash, goods, or services, take the operational expenses of the business over the past calendar or fiscal year, less depreciation and amortization expenses, and multiply that number by ten percent; or

(i) Receiving, directly or indirectly, a salary, commission, royalties, or other form of compensation based on the gambling receipts.

WAC 230-15-740 Preparing required financial statements.

(The following subsections apply.)

Filing with the commission.

(2) House-banked card game licensees must submit financial statements covering all financial activities of the licensees' business premises for each business year within one hundred twenty days following the end of their business year.

(3) We may authorize a sixty-day extension if a licensee submits a written request explaining the need for the extension.

The licensee did not submit its financial statement for 2009, violating WAC 230-15-740.

Because the licensee violated WAC 230-06-080, WAC 230-06-106, WAC 230-06-107 and WAC 230-15-740, grounds exist to suspend or revoke Parker's Sports Bar and Casino's licenses under RCW 9.46.075(1) and (7), and WAC 230-03-085(1) and (7).

V.

The licensee submitted its financial statements for 2009 on September 15, 2010.

The licensee acknowledges that it has read the Notices of Administrative Charges, and understands the facts contained in them. The licensee has waived its right to a hearing, based on the terms and conditions of this Settlement Order. The licensee agrees to the following terms and sanctions:

1) Parker's Casino's licenses are suspended for a period of **fifteen (15) days**, provided that:

a) **Twelve (12) days** of the suspension shall not be currently served, but shall be deferred for a period of one year from the date of entry of this Settlement Order, subject to the following: The licensee agrees not to violate any of Washington's gambling statutes or regulations during the one (1) year term. If the licensee violates these statutes or regulations and if the violation is the type that warrants the filing of administrative or criminal charges, then the Director may impose the **12-day** suspension of the current gambling licenses and any subsequently acquired gambling licenses.

b) The parties agree that the Director of the Washington State Gambling Commission, pursuant to this agreement, has discretion to determine whether the licensee has violated any term of this agreement. In the event the Director determines that a violation has occurred, he may suspend the license(s) issued to the licensee, and any subsequently acquired licenses, for up to **twelve days**, by mailing or delivering a Notice of Order of Administrative Charges to the licensee. This suspension shall be in addition to any consequences of the new violation. The licensee shall be afforded the opportunity to have an Adjudicative Proceeding, which includes a hearing on the alleged violations.

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2) Pursuant to RCW 9.46.077, the licensee has chosen to vacate the remaining three (3) days of this suspension by paying a monetary penalty of **nine thousand, five hundred and twenty-two dollars (\$9,522)** which represents 50% of the licensee's net gambling receipts for three days.

3) The licensee also agrees to reimburse the Commission for its investigative and administrative costs of **four thousand, three hundred eighty dollars (\$4,380)**, for a total penalty of **thirteen thousand, nine hundred and two dollars (\$13,902)**.

4) The total penalty amount of **\$13,902** shall be paid in three installments, as follows:

- a) The first installment of **four thousand, six hundred thirty-four dollars (\$4,634)** must be received by Commission staff by **October 1, 2010**.
- b) The second installment of **four thousand, six hundred thirty-four dollars (\$4,634)** must be received by Commission staff by **November 1, 2010**.
- c) The third and final installment of **four thousand, six hundred thirty-four dollars (\$4,634)** must be received by Commission staff by **December 1, 2010**.

5) Additionally, the licensee agrees to serve one (1) day of the deferred four-day suspension provided in the April 2009 Settlement Order, as follows:

- a) The suspension day will be served on **Sunday, October 31, 2010**. *AD Hbm*
- b) No gambling activities shall take place at the licensed premises starting at 8:00 a.m. on **Sunday, October 31, 2010**. *AD Hbm*
- c) The licensee may resume its gambling activities at 8:00 a.m. on **Monday, November 1, 2010**. *AD Hbm*

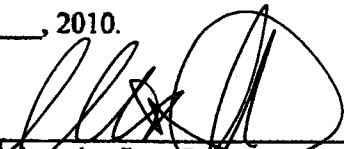
6) The licensee shall make the first payment and submit the signed order by **Friday, October 1, 2010**, by mailing both the payment and Settlement Order to Commission Headquarters at the following address:

Washington State Gambling Commission
Attention: Communications and Legal Division
P.O. Box 42400
Olympia, WA 98504-2400

or delivering (in person or via private courier) to the following address:

Washington State Gambling Commission
Attention: Communications and Legal Division
4565 7th Avenue SE; Fourth Floor
Lacey, WA 98503

DATED this 29 day of Sept., 2010.


Administrative Law Judge

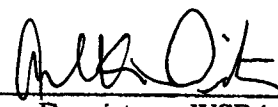
CHARLES BRYANT

APPROVED FOR ENTRY:


By the signature below, the licensee understands the terms and conditions contained in the settlement order.


George Sze, Owner
Parker's Sports Bar & Casino

9/29/10
(Date)


Arlene Dennistoun, WSBA #28760
Staff Attorney,
Washington State Gambling Commission

APPROVED AS TO FORM:


H. Bruce Marvin, WSBA #25152
Assistant Attorney General
Representing the Washington State
Gambling Commission